

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

MAJORITY CAUCUS CALENDAR

March 6, 2015

Bill Number	Short Title	Committee	Date	Action
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Committee on Appropriations

Chairman: Justin Olson, LD25

Vice Chairman: Vince Leach, LD11

Analyst: Jennifer Thomsen

Assistant Analyst: Amanda Barnes

Intern: Meagan Swart

<u>HB 2671</u>	general appropriations; 2015-2016
SPONSOR: GOWAN, LD14	HOUSE APPROP 3/5 DP (7-5-0-2-0) (No: SHERWOOD, MEYER, CARDENAS, CLARK, MACH; Abs: STEVENS, UGENTI)
<u>HB 2672</u>	capital outlay; 2015-2016
SPONSOR: OLSON, LD25	HOUSE APPROP 3/5 DP (7-5-0-2-0) (No: SHERWOOD, MEYER, CARDENAS, CLARK, MACH; Abs: STEVENS, UGENTI)
<u>HB 2673</u>	revenue; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25	HOUSE APPROP 3/5 DP (8-5-0-1-0) (No: SHERWOOD, MEYER, CARDENAS, CLARK, MACH; Abs: STEVENS)
<u>HB 2674</u>	budget procedures; 2015-2016
SPONSOR: OLSON, LD25	HOUSE APPROP 3/5 DP (8-5-0-1-0) (No: SHERWOOD, MEYER, CARDENAS, CLARK, MACH; Abs: STEVENS)
<u>HB 2675</u>	government; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25	HOUSE APPROP 3/5 DP (8-5-0-1-0) (No: SHERWOOD, MEYER, CARDENAS, CLARK, MACH; Abs: STEVENS)
<u>HB 2676</u>	environment; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25	HOUSE APPROP 3/5 DP (8-5-0-1-0) (No: SHERWOOD, MEYER, CARDENAS, CLARK, MACH; Abs: STEVENS)
<u>HB 2677</u>	health; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25	HOUSE APPROP 3/5 DP (8-5-0-1-0) (No: SHERWOOD, MEYER, CARDENAS, CLARK, MACH; Abs: STEVENS)

[HB 2679](#) higher education; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25 HOUSE
APPROP 3/5 DP (8-5-0-1-0)
(No: SHERWOOD,MEYER,CARDENAS,CLARK,MACH; Abs: STEVENS)

[HB 2680](#) criminal justice; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25 HOUSE
APPROP 3/5 DP (8-5-0-1-0)
(No: SHERWOOD,MEYER,CARDENAS,CLARK,MACH; Abs: STEVENS)

[HB 2681](#) human services; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25 HOUSE
APPROP 3/5 DP (8-5-0-1-0)
(No: SHERWOOD,MEYER,CARDENAS,CLARK,MACH; Abs: STEVENS)

[HB 2682](#) agency consolidation; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25 HOUSE
APPROP 3/5 DP (7-5-0-2-0)
(No: SHERWOOD,MEYER,CARDENAS,CLARK,MACH; Abs: STEVENS,UGENTI)

[HB 2683](#) K-12 education; budget reconciliation; 2015-2016
SPONSOR: OLSON, LD25 HOUSE
APPROP 3/5 DP (8-4-0-2-0)
(No: SHERWOOD,CARDENAS,CLARK,MACH; Abs: MEYER,STEVENS)

[HCR 2038](#) trust land management; budget reconciliation
SPONSOR: OLSON, LD25 HOUSE
APPROP 3/6 DP (8-5-0-1-0)
(No: SHERWOOD,MEYER,CARDENAS,CLARK,MACH; Abs: STEVENS)

Committee on Education

Chairman: Paul Boyer, LD20

Vice Chairman: Jay Lawrence, LD23

Analyst: Aaron Wonder

Assistant Analyst: Michael Madden

Intern: Joey Pickels

[HB 2567](#) school district budget errors; repayment
SPONSOR: MITCHELL, LD13 HOUSE
ED 2/11 DP (6-0-0-1-0)
(Abs: BOYER)



HOUSE OF REPRESENTATIVES

HB 2671

general appropriations; 2015-2016

Sponsor: Representative Gowan

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2671 makes state General Fund (GF) and other fund (OF) appropriations and transfers for Fiscal Year (FY) 2016 for the operation of state government and makes various budget revisions and supplemental appropriations for FY 2015.

PROVISIONS

1. The tables below indicate GF and OF changes for each appropriated state agency for FY 2016 along with major footnote changes.

Summary of Changes	Fund Source	Comments	FY 2016 Changes
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Arizona Department of Administration (ADOA)			
General Accounting Office Cost Shift	GF		(600,000)
Automation – Arizona Financial Information System (AFIS) Cost Shift	GF		(6,900,000)
Automation – Department of Economic Security Information Technology Security	OF		900,000
Automation – Department of Revenue Projects	GF		(1,700,000)
Government Transformation Office	GF		1,000,000
Immigration Enforcement	GF		(1,200,000)

Arizona Health Care Cost Containment System (AHCCCS)			
Formula Adjustments	GF		(31,500,000)
Provider Rate Reduction	GF		(25,700,000)
Shift Disproportionate Share Pool 1 Match	GF		(2,700,000)
Ambulance Rate Reduction	GF		(6,000,000)
Inspector General Fraud Prevention	GF		(1,300,000)

Attorney General (AG)

Federalism Unit	OF	Consumer Fraud Fund	1,000,000
Southern Arizona Drug Enforcement Unit	GF		1,200,000

State Board for Charter Schools			
Remove One-Time Equipment	GF		(100,000)

Department of Child Services (DCS)			
Permanency Caseload Growth	GF		8,000,000
Increase Foster Care Rates	GF		(2,000,000)

Arizona Commerce Authority (ACA)			
Retain Mexico City Trade Office	GF		300,000
Reduce Competes Fund Deposit	GF		(5,000,000)

Arizona Community Colleges			
State Aid Reduction to Maricopa, Pima and Pinal	GF		(17,600,000)

Arizona Department of Corrections (ADC)			
Health Care Litigation	GF		2,000,000
Health Care Changes	GF		5,000,000
Population Growth	GF		5,300,000
Expand Transition Program	GF		(300,000)
Retirement Adjustment	GF		13,500,000
Leap Year	GF		900,000

- Requires ADC to submit its expenditure plan for review by JLBC before implementing any changes in per diem rates for inmate health care contracted services.

Counties			
Eliminate Funding to Pinal, Yavapai and Mohave	GF		(1,700,000)
Graham Restore Monies	GF		500,000

Department of Economic Services (DES)			
Eliminate Rural Autism Parenting	GF		(300,000)
Eliminate Long Term Care (LTC) Assisted Living	GF		(300,000)
Shift Child Care to Child Care and Development Fund	GF		(4,000,000)
Adult Protective Services Staff	GF	11 Full Time Employees (FTEs)	1,200,000
Lump Sum	GF		(2,000,000)

- Requires DES to submit a report to JLBC before transferring any money in or out of the Case Management – Medicaid, Case Management – State-Only, and DDD Operating lump sum line items.

Arizona Department of Education (ADE)			
Formula Adjustments	GF		(5,000,000)

Additional Inflation	GF		74,400,000
District Non-Classroom Reduction	GF		(113,500,000)
Charter Additional Assistance Reduction	GF		(3,000,000)
Elimination of Small School Weight for Multi-Site Charters	GF		(10,000,000)
Eliminate District Sponsored Charter Funding	GF		(2,400,000)
Repeal Student Success Funding	GF		(21,500,000)
1% Property Tax Cap Limitations	GF		(20,200,000)
Alternative Teacher Development Program	GF		500,000
Test Savings	GF		(1,800,000)

- Requires ADE to allocate the \$74,394,000 additional inflation to school districts and charter schools in FY 2016 in the same manner that it would allocate the monies if they were for an additional increase of \$53.31 in the base level for FY 2016. Specifies that the additional inflation amount is not an increase in the base level.

Department of Emergency and Military Affairs (DEMA)			
Emergency Management Federal Match	GF		1,500,000
Navajo Camp Fund Shift	GF		(1,000,000)

Department of Health Services (DHS)			
Formula Adjustments	GF		(8,400,000)
5% Provider Rate Reduction	GF	Exceptions	(11,400,000)
Arizona State Hospital (ASH) Increase	GF		1,200,000
Eliminate School-Based Prevention Education	GF		(300,000)
Eliminate Mental Health First Aid	GF		(300,000)

Department of Insurance (DOI)			
Fraud Investigations	GF		500,000

Judiciary			
Eliminate GF Automation Funding	GF		(3,600,000)
Fund Transfers	GF		(6,000,000)

- Requires all centralized service payments made by the Administrative Office of the Courts on behalf of counties to be funded only from the centralized service payments line item.

Department of Juvenile Corrections (DJC)			
Local Cost Sharing	GF		(12,000,000)
One-Time Shift from State Charitable Fund	GF		(900,000)
Admission Changes	GF		(4,000,000)

Arizona Pioneers' Home			
Fund Shift to Land Trust	GF		(1,600,000)

Department of Public Safety (DPS)			
Continue Arizona Counter Terrorism Information Center (ACTIC) Funding	GF		800,000
Retirement Adjustment	GF		4,200,000

Arizona Department of Racing (ADR)			
Eliminate Breeders' Award	GF		(300,000)

Department of Revenue (DOR)			
Fraudulent Returns	GF		3,200,000
Local Cost Sharing	GF		(20,800,000)

School Facilities Board (SFB)			
New School Construction	GF		1,500,000
School Facilities Loan Guarantee	GF		ADE
Access Our Best Public Schools (AOBPS)	GF		23,900,000

- Deposits the AOBPS line item funding in the AOBPS Fund. Prohibits monies from being expended until the executive branch submits an expenditure plan to JLBC for review. Monies in the AOBPS Fund are appropriated for the purpose of developing mechanisms that an Arizona public school achievement district could use to assist in the expansion of member schools or the construction of new facilities for member schools. Requires the executive branch to recommend proposed legislation to codify the developed mechanisms.
- Allocates \$1,000,000 of the appropriated building renewal grants line item for deposit in the Emergency Deficiencies Correction Fund. Requires schools receiving monies in FY 2016 to submit a plan to improve the district's preventative maintenance of building systems to SFB.

Universities – Arizona State University – Tempe and Downtown Phoenix			
Funding Reduction	GF		(47,400,000)

- Deletes obsolete footnote pertaining to parity funding.

Universities – Arizona State University – East			
Funding Reduction	GF		(3,700,000)

- Deletes obsolete footnote pertaining to parity funding.

Universities – Arizona State University – West			
Funding Reduction	GF		(4,700,000)

Universities – Northern Arizona University			
Funding Reduction	GF		(18,100,000)

- Deletes obsolete footnote pertaining to parity funding.

Universities – University of Arizona – Main			
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Funding Reduction	GF		(29,300,000)
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Universities – University of Arizona – Health Sciences Center			
Funding Reduction	GF		(600,000)

Department of Veterans’ Services (DVS)			
Operating Costs	GF		400,000

Department of Water Resources (DWR)			
Water Banking Shift	GF		(500,000)

FY 2015 SUPPLEMENTAL APPROPRIATIONS AND ADJUSTMENTS

2015 GF and OF Changes to Baseline		
ADOA – Federal Government Disallowed Costs – Risk Management	OF	10,462,100
ADOA – Special Employee Health Insurance Trust Fund	OF	8,302,800
AHCCCS – Administration	GF	(48,520,500)
Commission for the Deaf and Hard of Hearing – Arizona Relay Service – Telecommunication Fund for the Deaf	OF	255,500
DES – Rural Long-Term Care Assisted Living	GF	(300,000)
DES – Autism Parenting Skills – Rural Areas	GF	(300,000)
DES – Child Care Subsidy	GF	(4,000,000)
DES – Child Care Subsidy – Child Care and Development Federal Block Grant	OF	4,000,000
DES – Division of Developmental Disabilities	GF	7,852,000
DES – Division of Developmental Disabilities – Long-Term Care Fund Expenditure Authority	OF	21,082,900
ADE – Basic and Additional State Aid	GF	26,861,100
DHS	GF	6,127,100
State Land Department – Central Arizona Project User Fee Rate Adjustment	GF	64,200
Arizona Navigable Stream Adjudication Commission – Arizona Water Banking Fund	OF	359,300
SFB – New School Facilities Debt Service	GF	(9,415,900)

2. Increases the sum of \$268,809,500 from the AHCCCS appropriation from the expenditure authority in FY 2015.
3. Allows AHCCCS to transfer up to \$10,000,000 from GF appropriations received in FY 2015 to DHS for expenditures associated with Title XIX behavioral health services. Requires AHCCCS to submit the proposed transfer for review by JLBC before making the transfer.
4. Exempts the \$750,000 Securities Regulatory and Enforcement Fund appropriation to the Arizona Corporation Commission for a securities division database upgrade from the lapsing of appropriations until June 30, 2016.
5. Exempts the \$220,000 Telecommunication Fund for the Deaf appropriation to the Commission for the Deaf and the Hard of Hearing for agency business upgrades from the lapsing of appropriations until June 30, 2016.
6. Reduces the GF appropriation to ADOA in FY 2015 from \$25,000,000 to \$19,500,000 for costs associated with the establishment of DCS and the relocation of the data center operated by DES. Exempts the appropriation from lapsing until June 30, 2016.

7. Repeals the FY 2015 GF appropriation of \$1,000,000 to the Water Supply Development Revolving Fund.

ADDITIONAL FY 2016 APPROPRIATIONS

ADOA

8. Appropriates \$5,500,500 from the GF in FY 2016 to ADOA for distribution to counties for maintenance of essential county services. Requires ADOA to allocate the monies equally among all counties with a population of less than 200,000 persons.
9. Appropriates \$500,000 from the GF in FY 2016 to ADOA for distribution to a county with a population between 30,000 and 40,000 persons (Graham) for maintenance of essential county services.

Automation Projects

10. Appropriates the following amounts, including 75 FTEs, to ADOA in FY 2016 from the Automation Projects Fund (APF) for the following automation and information technology projects:
 - a. \$3,125,000 for enhancing statewide data security.
 - b. \$500,000 for enhancing enterprise architecture.
 - c. \$2,150,000 for project management of statewide automation and information technology projects.
 - d. \$1,075,000 for projects related to e-government.
 - e. \$2,625,000 for improving and maintaining the ADOA data center.
11. Makes the following appropriations to ADOA from the APF in FY 2016 for the following automation and IT projects:
 - a. 936,400 for implementing IT projects that comply with state and federal security IT standards by DES.
 - b. \$5,000,000 for implementing e-licensing projects by the Department of Environmental Quality (DEQ).
 - c. \$7,000,000 for implementing, upgrading and maintaining the Student Longitudinal Data System (SLDS) and the Education Learning and Accountability System (ELAS).
12. Appropriates any remaining balance from fees collected from universities and community colleges from the Education Learning and Accountability Fund (ELAF) that are transferred to the APF for the purposes of implementing, upgrading and maintaining SLDS and ELAS.
13. Stipulates that the appropriation to the SLDS and ELAS be used first and foremost to complete a significant portion of the replacement of the Student Accountability Information System. Requires ADE to provide quantifiable deliverables of the Legislature's intended progress to the Information Technology Authorization Committee and JLBC before seeking review of the \$7,000,000 FY 2016 expenditure from the APF.
14. Prohibits monies appropriated for projects at each state agency from the APF from being used for projects at any other state agency without prior review by JLBC.
15. Requires ADOA to submit quarterly reports to JLBC on or before the last day of each calendar quarter on implementation of projects, including deliverables, timeline for completion and current status.
16. Appropriates any remaining FY 2015 balance in the APF to ADOA in FY 2016 for the same purposes as specified. Requires ADOA to report any FY 2016 expenditure of remaining balances from FY 2015 in the APF in ADOA's quarterly report to JLBC.
17. States that the FY 2016 funding for ADE's SLDS and ELAS is contingent upon contracting with a third party consultant throughout the life of the project and requiring ADOA and ADE to report on plans for consultant use when seeking JLBC review of FY 2016 expenditures for the system. Also requires review to continue through the life of the projects.
18. States that the FY 2016 funding for ADC's inmate management system is contingent upon contracting with a third party consultant throughout the life of the project and requiring ADOA and ADC to report on plans

for consultant use when seeking JLBC review of FY 2016 expenditures for the system. Also requires review to continue through the life of the projects.

19. Reduces the GF appropriation to the APF in FY 2016 from \$9,202,000 to \$2,383,000 for the purpose of implementing, upgrading or maintaining automation and information technology projects for any state agency.
20. Reduces the APF appropriation to ADOA in FY 2016 from \$9,202,000 to \$2,383,000 for the replacement of the AFIS.
21. Stipulates that \$212,000 for rent and \$817,000 for private third-party consultant oversight monies for costs related to the replacement of AFIS are not subject to review by JLBC.

Arizona Commerce Authority (ACA)

22. Allocates \$26,500,000 of GF withholding tax revenue in FY 2016 to the ACA, of which \$10,000,000 is credited to the ACA Fund and \$16,500,000 to the Arizona Competes Fund.
23. Appropriates \$300,000 from the GF in FY 2016 to the ACA to operate a trade office in Mexico City.

DEBT SERVICE PAYMENTS

24. Appropriates \$60,104,300 from the GF in FY 2016 to ADOA for the debt service payments on the sale and lease-back of state buildings authorized by Laws 2009, Third Special Session, Chapter 6.
25. Appropriates \$24,010,300 from the GF in FY 2016 to ADOA for the debt service payment on the sale and lease back of state buildings authorized by Laws 2010, Sixth Special Session, Chapter 4.
26. Allocates \$20,449,000 of GF revenue in FY 2015 to the Arizona Convention Center Development Fund.

ESTIMATED DISTRIBUTIONS

27. Stipulates that the Rio Nuevo Multipurpose Facility District is estimated to receive \$10,000,000 from a portion of state transaction privilege tax revenues in FY 2016 and specifies that the actual amount of distribution will be made as outlined in statute.

FUND TRANSFERS

28. Requires the staff directors of JLBC and the Governor's Office of Strategic Planning and Budgeting to jointly notify the Governor, the President of the Senate, the Speaker of the House of Representatives and the State Treasurer if the preliminary FY 2015 GF ending balance is less than \$0 and, if so, the total ending balance amount. Requires, if notification is issued, the State Treasurer to transfer an amount equal to the negative ending balance plus \$1,000,000 from the Budget Stabilization Fund to the GF.
29. Transfers, by June 30, 2016, the following amounts from the following sources to the GF for the purposes of providing adequate support and maintenance for state agencies:
 - a. \$7,252,800 from the Healthcare Group Fund (AHCCCS).
 - b. \$5,400,000 from the Consumer Fraud Revolving Fund (AG).
 - c. \$75,000,000 from the Arizona Competes Fund (ACA).
 - d. \$25,000,000 from the Job Training Fund (ACA).
 - e. \$2,000,000 from the Utility Regulation Revolving Fund (Corporation Commission).
 - f. \$2,000,000 from the Special Services Fund (ADC).
 - g. \$2,500,000 from the Inmate Store Proceeds Fund (ADC).
 - h. \$1,072,000 from the ADC Revolving Fund (ADC).
 - i. \$500,000 from the Arizona Correctional Industries Revolving Fund (ADC).
 - j. \$1,250,000 from the Corrections Fund (ADC).
 - k. \$250,000 from the Alcohol Abuse Treatment Fund (ADC).
 - l. \$1,500,000 from the ADC Building Renewal Fund (ADC).
 - m. \$4,000,000 from the Special Administration Fund (DES).

- n. \$4,000,000 from the State Facilities Special Education Fund (ADE).
 - o. \$2,400,000 from the Student Success Fund (ADE).
 - p. \$2,000,000 from the Voluntary Vehicle Repair and Retrofit Program (DEQ).
 - q. \$5,500,000 from the Air Quality Fund (DEQ).
 - r. \$2,493,700 from the Recycling Fund (DEQ).
 - s. \$5,000,000 from the Arizona Department of Housing Program Fund (Arizona Department of Housing).
 - t. \$4,000,000 from the Off-Highway Vehicle Recreation Fund (State Parks).
 - u. \$5,168,200 from the Arizona Highway Patrol Fund (DPS).
 - v. \$4,347,800 from the Fingerprint Clearance Card Fund (DPS).
 - w. \$4,560,000 from the Economic Strength Project Fund (ADOT).
 - x. \$20,000,000 from the Highway Expansion and Extension Loan Program Fund (ADOT).
 - y. \$15,000,000 from the State Aviation Fund.
 - z. \$2,000,000 from the Motor Vehicle Liability Insurance Enforcement Fund (ADOT).
30. Transfers, by the end of FYs 2016, 2017 and 2018, the following amounts from the following sources to the GF for the purposes of providing adequate support and maintenance for state agencies:
- a. \$200,000 from the Alternative Dispute Resolution Fund (Judiciary – Supreme Court).
 - b. \$450,000 from the Arizona Lengthy Trial Fund (Judiciary – Supreme Court).
 - c. \$250,000 from the Drug Treatment and Education Fund (Judiciary – Superior Court).
 - d. \$5,100,000 from the Juvenile Probation Services Fund (Judiciary – Superior Court).
31. Appropriates \$5,400,000 from the GF in FY 2016 to the APF.
32. Transfers the following amounts in FY 2016 to the APF from the following sources:
- a. \$1,600,000 from ELAF, and any remaining balances at the end of FY 2015 from fees collected from universities and community colleges in ELAF.
 - b. \$3,775,000 from the State Web Portal Fund, which includes \$2,150,000 for managing all projects funded from APF.
 - c. \$5,700,000 from the Automation Operations Fund.
 - d. \$5,000,000 from the Emissions Inspection Fund.
 - e. \$936,400 from the Special Administration Fund.
33. Transfers \$100,000,000 from the Special Employee Health Insurance Trust Fund to the GF in FY 2016 to provide adequate support and maintenance for agencies of this state.
34. Requires the AG to direct a total of \$15,000,000 received pursuant to the consent judgments in the National Mortgage Settlement to the GF by June 30, 2015, to compensate for costs resulting from the alleged unlawful conduct of the defendants.
35. Requires the AG to direct a total of \$16,000,000 received pursuant to the consent judgments in the Standard and Poor's Financial Services LLC settlement the GF by June 30, 2016, to compensate for costs resulting from the alleged unlawful conduct of the defendants.
36. Transfers \$710,000 from the Motor Vehicle Liability Insurance Enforcement Fund to the Safety Enforcement and Transportation Infrastructure Fund by June 30, 2015.

PAYMENT DEFERRALS

DCS

37. Defers \$11,000,000 in DCS payments for services provided in May and June of 2016 until after July 1, 2016 and appropriates the same amount in FY 2017 from the GF to DCS. State that payments to child care providers cannot be deferred.

DES

38. Defers \$21,000,000 in DES payments for services provided in May and June of 2016 until after July 1, 2016 and appropriates the same amount in FY 2017 from the GF to DES.
39. Prohibits payments to child care providers and May payments to providers of developmentally disabled services from being deferred.

ADE

40. Defers \$930,727,700 in BSA and Additional State Aid (ASIA) payments made to ADE in FY 2016 to FY 2017. Excludes charter schools and school districts with a student count of less than 600 pupils from the deferral.
41. Requires ADE to disburse the FY 2016 appropriation of \$930,727,700 to the counties for the school districts by July 1, 2016 and no later than July 12, 2016, in amounts equal to the reductions in apportionment of BSA and ASIA reductions made due to the deferral of the same amount.
42. Mandates that school districts include in the revenue estimates that they use for computing their FY 2016 tax rates the deferred monies that they will receive between July 1, 2016 and July 12, 2016.

ABOR

43. Defers \$200,000,000 of payments by ABOR allocated to the state universities in the individual campus appropriations until after July 1, 2016 and appropriates the same amount to ABOR in FY 2017 and requires ADOA to distribute these monies to ABOR no later than October 1, 2016.

STATEWIDE OPERATING ADJUSTMENTS

Area of Adjustment	GF	OF	Total
AFIS Collections	1,900,000	5,667,800	7,567,800
Employer Health Insurance Contribution Rate	(16,200,000)	(8,561,500)	(24,761,500)

44. Provides statewide adjustment procedures and instructions.
45. Outlines FY 2016 individual agency charges totaling \$1,809,500 for general agency counsel provided by the AG.

MISCELLANEOUS

46. States legislative intent that all departments, agencies or budget units receiving appropriations under this act are to continue to report actual, estimated, and requested expenditures in a specified format.
47. Provides footnote instructions.
48. Contains other reporting requirements.
49. Contains definitions sections.



HOUSE OF REPRESENTATIVES

HB 2672
capital outlay; 2015-2016
Sponsor: Representative Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2672 appropriates funds for FY 2016 to applicable agencies for the maintenance, repair, building renewal, and preventative maintenance of state buildings.

PROVISIONS

Building Renewal

1. Appropriates the following amounts for major maintenance and repair activities for state buildings in FY 2016:
 - a. **Department of Administration (ADOA)**
 - i. \$5,000,000 from the state General Fund (GF)
 - ii. \$9,000,000 from the Capital Outlay Stabilization Fund
 - b. **Department of Corrections (ADC)**
 - i. \$5,464,300 from the Department of Corrections Building Renewal Fund
 - c. **Arizona Game and Fish Department**
 - i. \$530,000 from the Game and Fish Fund
 - d. **Arizona State Lottery Commission**
 - i. \$103,600 from the State Lottery Fund
 - e. **Department of Transportation (ADOT)**
 - i. \$3,191,900 from the State Highway Fund
 - ii. \$204,900 from the State Aviation Fund

Capital Projects

Department	Project	Fund Sources	Amount
Arizona State Parks Board	Capital Improvements	State Parks Revenue Fund	\$1,500,000
TOTAL (ASPB):			\$1,500,000
Department of Transportation	De-Icer Buildings	State Highway Fund	\$2,280,000
	Vehicle Wash Systems	State Highway Fund	\$2,910,000
	State Highway Construction	State Highway Fund	\$234,471,000
	Airport Planning and Development	State Aviation Fund	\$21,791,800
TOTAL (ADOT):			\$261,452,800
Arizona Exposition	Capital Improvements	Arizona Exposition	\$1,000,000

and State Fair Board		and State Fair Fund	
TOTAL (AESFB):			\$1,000,000

REPORTING REQUIREMENTS

Department of Administration

2. Requires the ADOA to report twice yearly, by January 31, 2016 and July 31, 2016, to the Joint Legislative Budget Committee (JLBC) staff on the status of all building renewal projects and expenditures.
3. Stipulates ADOA report on the status of project specific Full Time Equivalent (FTE) positions for capital projects in its annual capital budget request.

Department of Corrections

4. Directs the ADC to report twice yearly, by January 31, 2016 and July 31, 2016, to the JLBC staff on the status of all building renewal projects and expenditures and prohibits ADC from using any of the funds appropriated for this purpose on personal services or overhead expenses related to the funded project management.

Department of Transportation

5. Mandates that ADOT report its actual prior year, estimated current year, and upcoming budget year highway construction expenses from all fund sources to the Joint Committee on Capital Review (JCCR), in the same format as in the prior year, unless modifications are approved by the directors of the JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB) by November 1, 2015.
6. Requires ADOT to report capital outlay information for FYs 2015, 2016, and 2017 to the directors of the JLBC and the OSPB in the same format found in the FY 2015 Appropriations Report.
7. Stipulates ADOT report its estimated outstanding debt principal balance at the end of FY 2017 and the estimated debt service payment amount for FY 2017 to the directors of the JLBC and the OSPB.
 - a. Specifies the report include State Highway Fund state construction bonds; Arizona Highway User Revenue Fund; Maricopa Association of Governments and Pima Association of Governments controlled access bonds; Maricopa Regional Area Road Fund bonds; and grant anticipation notes.
 - b. Directs the report be comparable to the information contained in the FY 2015 Appropriations Report.

Miscellaneous

8. Permits ADOA to use up to \$275,000 of amounts appropriated to ADOA in the act in personal services and employee-related expenditures for up to five FTE positions for each fiscal year until the building renewal projects are complete.
9. Allows ADOA to allocate FTE positions authorized for specific projects to other projects provided that the funding is cost allocated and requires ADOA to report on any FTE position reallocations to JCCR by December 31, 2015.
10. Mandates that the monies appropriated for capital outlay may not be used for personal services or employee-related expenditures of state employees, excluding services provided as a part of the Inmate Construction Program for correctional facilities.
11. States that, unless specified, the appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full FY without an expenditure or an encumbrance.

12. Stipulates that the appropriations made in the act for FY 2016 that are unexpended on June 30, 2017 revert back to the originating fund.
13. Requires JCCR to review the scope, purpose, and estimated cost of any new capital project that has an estimated cost of more than \$250,000.



HOUSE OF REPRESENTATIVES

HB 2673

revenue; budget reconciliation; 2015-2016

Sponsor: Representative Olson (with permission of committee on Rules)

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2673 makes temporary and permanent statutory changes relating to state revenues in order to implement the Fiscal Year (FY) 2016 state budget.

PROVISIONS

Department of Insurance

1. As permanent law, requires the Department of Insurance (DOI) to report Insurance Premium Tax collection information periodically during the FY to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB).
2. As permanent law, requires DOI to annually report Insurance Premium Tax Credit information for a given FY to JLBC and OSPB on or before September 30.
3. Restricts the Director of DOI from modifying fees or assessments in FY 2016 for the purpose of meeting the requirements to recover at least 95% but not more than 110% of DOI's appropriated budget.

Radiation Regulatory Agency

4. Permits the Radiation Regulatory Agency (Agency) to increase fees in FY 2016 and exempts the Agency from rulemaking for the purposes of increasing fees until July 1, 2016.
5. Contains an intent clause that limits the additional revenues generated by the fees collected to \$561,000.
6. Requires the Agency to deposit monies received from any fee increases into the Regulatory Fee Fund.

Department of Agriculture

7. Permits the Director of the Arizona Department of Agriculture (DOA), with the assistance of the DOA Advisory Council, to continue existing fees from FY 2015 in FY 2016 for services provided in FY 2016.
8. Contains an intent clause that limits the additional revenues generated by the fees collected in FY 2016 to:
 - a. \$218,000 to the State GF.
 - b. \$113,000 to the Pesticide Trust Fund.
 - c. \$26,000 to the Dangerous Plants, Pests and Diseases Trust Fund.
9. Exempts DOA from rulemaking requirements for the purpose of establishing fees until July 1, 2016.

Department of Financial Institutions

10. Permits the Superintendent of the Department of Financial Institutions (DFI) to use monies in DFI's Receivership Revolving Fund for expenditures on an electronic licensing system through FY 2016.
11. Contains an intent clause that limits DFI expenditures on an electronic licensing system to \$850,000.
12. Permits DFI to use the Financial Services Fund for its general operating expenditures of DFI.

Counties, Cities and Towns

13. As permanent law, transfers the Phoenix Convention Center debt service distribution within Title 42 to the distribution contained within Title 9 pertaining to Convention Centers.
14. As permanent law, requires county treasurers, by February 15 of each year, to report to JLBC all returns and payments received from the preceding calendar year regarding the leases of government property improvements owned by the government lessor.
15. Allows counties with populations less than 200,000, according to the 2010 census, to use any source of county revenue to meet its fiscal obligations in FY 2016 with the stipulation that the county report the specific source and amount of revenues the county intends to use to JLBC by October 1, 2015.

Department of Revenue

16. As permanent law, requires the Department of Revenue (DOR), beginning June 30, 2015, to assess a fee to each county, city and town in order to recover a portion of administrative, program and operating costs incurred by providing administrative and collection services to local governments.
17. As permanent law, requires DOR, by July 1, 2015, to assess a fee to each county, city and town that receives state shared revenues. Outlines fee calculations and limits the annual aggregate amount from all jurisdictions to \$20,755,835.
18. As permanent law, requires DOR, by July 1, 2015, to assess a fee to each city or town that DOR does not administer and collect TPT, the amount of the fee is \$.76 multiplied by the population of the city or town used for the purposes of computing state shared revenues, payable each FY.
19. Contains fee assessment provisions relating to deadlines, failure to pay and monies paid to DOR.
20. Stipulates that all monies paid to DOR or withheld by the State Treasurer pursuant to this Act must be credit to DOR's Intergovernmental Agreement or Internal Service Agreement funds.
21. Allows DOR to authorize contractors to collect transaction privilege tax (TPT) accounts receivable in FY 2016 and 2017.
22. Allows DOR to utilize TPT revenue collected by the contractors to pay for contracted collector services in an amount not to exceed \$2 million.

Miscellaneous

23. Appropriates \$626,700 from the liquor licenses fund in FY 2015 to the Department of Liquor Licenses and Control for the purpose of a licensing replacement system.
24. Changes the delayed repeal date of the Job Training Employer Tax from January 1, 2017 to January 1, 2016.
25. Deletes statutory references to the Job Training Employer Tax.
26. Alters JLBC reporting requirements relating to determining the effectiveness of government Property Lease Excise Tax rates and permits JLBC to utilize a representative sample of properties to conduct the analysis.
27. Requires each county, in addition to DOR, to cooperate with JLBC in determining the effectiveness of government Property Lease Excise Tax rates.
28. Reduces the amount the Department of Transportation must allocate and the State Treasurer must distribute from \$60 million to \$30 million in FY 2017 for the direct cost of constructing, reconstructing, maintaining or repair of public highways, streets or bridges and direct cost of rights-of-way acquisitions and related expenses.
29. Permits a taxpayer that has an established and unpaid TPT, individual income or corporate income tax liability as of August 1, 2015 to apply to DOR for amnesty beginning September 1, 2015 through October 31, 2015.
30. Outlines amnesty provisions related to applications, DOR responsibilities and reporting requirements.

31. Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2674

budget procedures; 2015-2016

Sponsor: Representative Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2674 makes statutory and session law changes relating to budget procedures in order to implement the Fiscal Year (FY) 2016 state budget.

PROVISIONS

Reporting Requirements

1. Eliminates the requirement that state agencies submit an annual report on electronic payment transactions to the Governor, the Arizona Department of Administration (ADOA), and the Joint Legislative Budget Committee (JLBC).
2. Removes the Working Capital Surplus reporting requirement and adds an Investment Yield Restriction reporting requirement, which must be submitted by ADOA to JLBC and the Governor's Office of Strategic Planning and Budgeting by October 1 of each year.
3. Specifies that the Investment Yield Restriction report must include costs associated with meeting investment yield restriction requirements and whether these requirements have reduced investment yields or resulted in the payment of any federal penalties.
4. Requires JLBC staff to report on the expenditures for each retirement system, including state employer contributions, for the preceding FY by January 31 of each year.

Arizona Financial Information System Collections Fund (Fund)

5. Establishes the Fund, which is administered by ADOA and consists of transaction fees assessed by ADOA against state agencies for use of the Arizona Financial Information System.
6. Requires ADOA to submit a proposed transaction fee to JLBC for review prior to establishing or changing the fee.
7. Utilizes Fund monies for reimbursement of costs incurred by ADOA to operate the Arizona Financial Information System.
8. Stipulates that Fund monies are subject to Legislative appropriation and exempt from lapsing.

Annual Budgets

9. Requires annual budget requests for all departments to specify expenditures and the amount of full-time equivalent positions by retirement system and fund source.
10. Allows appropriations to all departments to be limited to a single FY for FYs 2016 through 2018.
11. Requires the Governor to submit a budget for only the next FY to the Legislature within five days after the 52nd Legislature, 2nd Regular Session convenes in 2016.
12. Requires all departments to submit a budget estimate for only the next FY in calendar year 2015.

Miscellaneous

13. Deposits unrestricted federal monies received during FY 2016 into the state General Fund for payment of essential governmental services.
14. Sets the FY 2016 Capital Outlay Stabilization Fund rental rates for state-owned buildings at \$13.08 per square foot for office space and \$4.74 per square foot for storage space.
15. Suspends the requirement that the Legislature appropriate monies to and transfer monies from the Budget Stabilization Fund pursuant to statute for FYs 2016 through 2018.
16. Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2675

government; budget reconciliation; 2015-2016

Sponsor: Representative Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2675 makes statutory changes to implement the fiscal year (FY) 2016 budget.

PROVISIONS

1. Reimburses counties for costs associated with the Presidential Preference Election (PPE) at a rate of \$1.25 per registered voter (as of January 1 of that year). Allows the Secretary of State (SOS) to release the county from that reimbursement rate if the SOS determines that the rate would jeopardize the county's ability to comply with federal and state laws or regulations.
 - a. Laws 2012, Ch. 361 provided 100% reimbursement for county costs associated with the PPE. Previously, the reimbursement rate was \$1.25/registered voter.
2. Allows monies in the Camp Navajo Fund to be used to operate training and storage facilities at any National Guard training site.
 - a. Current law limits the use of monies to operations at Camp Navajo, located in Bellemont AZ. Camp Navajo is a 28,000 acre facility used by all the branches of the military, both active units and reserve. Monies in the Camp Navajo Fund come from federal fees for storage and use of Camp Navajo.
3. Transfers administration of the Arizona Commission of African-American Affairs (Commission) Fund from the State Treasurer to the Commission.
4. Renames the Southern Arizona Veterans' Cemetery Trust Fund to the Arizona State Veterans' Cemetery Trust Fund (Cemetery Fund). Expands the scope of the Cemetery Fund to provide for the management and maintenance of the Arizona Veterans' Memorial Cemeteries at both Camp Navajo and Marana, in addition to the Southern Arizona Veterans' Cemetery.
5. Eliminates the Journal of Arizona History Magazine Fund (Magazine Fund) within the Arizona Historical Society.
 - a. Pursuant to Arizona Revised Statutes (A.R.S.) § 41-824, the Arizona Historical Society publishes the Journal of Arizona History on a quarterly basis. Monies from subscriptions and other legislative appropriations go into the Magazine Fund.
6. Reduces the amount deposited into the Arizona Competes Fund (ACF) by \$5 million in FY 2016 and by \$10 million in subsequent FYs (new deposit is \$16.5 million in FY 2016 and \$11.5 million in subsequent FYs).
 - a. Pursuant to A.R.S. Title 41, Ch. 10, Article 5, the Arizona Commerce Authority administers the ACF. Grants from the ACF may be used for:
 - i. Attracting, expanding or retaining Arizona basic enterprises;
 - ii. Supporting/advancing programs and projects for rural businesses, small businesses and business development that enhance economic development.

- b. Current law deposits \$21.5 million into the ACF each FY.



HOUSE OF REPRESENTATIVES

HB 2676

environment; budget reconciliation; 2015-2016

Sponsor: Representative Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2676 makes statutory and session law changes related to the environment in order to reconcile the FY 2016 state budget.

PROVISIONS

Trust Land Management Fund (Fund)

1. Repeals and replaces the Fund with a conditional enactment stating the Fund will not be established unless the Arizona Constitution is amended by the voters (HCR 2038) at the 2016 general election to allow a portion of the annual proceeds of trust lands to be used for trust land management.

Yarnell Hill Memorial Fund

2. Expands the use of the Yarnell Hill Memorial Fund to be used for purchasing, designing and constructing the memorial.

State Parks Board (ASPB)

3. Continues to allow the ASPB to spend up to \$692,100 from its portion of the Off-Highway Vehicle Recreation Fund for agency operating costs.

Department of Environmental Quality (ADEQ)

4. Continues to suspend the statutory administrative cap on the Underground Storage Tank Revolving Fund Assurance Account (Account) to allow ADEQ to transfer a combined total of \$6,531,000 from the Account and the Regulated Substance Fund for department administrative expenses.
5. Continues to reduce the annual GF statutory appropriation of \$15,000,000 to \$7,000,000 to the Water Quality Assurance Revolving Fund for FY 2016.
6. Continues to allow ADEQ to use up to \$1.8 million from the emissions inspection fund for the department's safe drinking water program.

Navigable Stream Adjudication Commission (ANSAC)

7. Allows monies appropriated to the ANSAC from the Water Banking Fund to be used in FY 2015 and FY 2016 to pay for legal fees, retroactive to July 1, 2014.

Department of Water Resources (ADWR)

8. Continues to allow the Water Protection Fund Commission to grant ADWR up to \$336,000 of the unobligated balance in the Water Protection Fund to pay for the department's administrative costs.
9. Authorizes ADWR to increase fees for services in FY 2016.
 - a. States legislative intent limiting revenue generated from fees to \$100,200 and requires fee revenues to be deposited in the Water Resources Fund.
 - b. Exempts ADWR from rule making for the purpose of establishing fees until July 1, 2016.



HOUSE OF REPRESENTATIVES

HB2677

health; budget reconciliation; 2015-2016

Sponsor: Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2677 is the health budget reconciliation bill for Fiscal Year (FY) 2016. The affected entities are the Arizona Department of Health Services (ADHS), the Arizona Health Care Cost Containment System (AHCCCS), counties and hospitals.

PROVISIONS

ADHS

1. Repeals Arizona Revised Statutes § 36-108.01 and reinstates § 36-108.01 establishing the following funds:
 - a. The Interagency Service Agreement for Behavioral Health Services Fund consisting of state and federal monies received by ADHS to provide behavioral health services;.
 - b. The Intergovernmental Agreements for County Behavioral Health Services Fund consisting of county monies received by ADHS to provide behavioral health services to persons identified through agreements with the counties.
 - c. The Health Services Lottery Fund consisting of monies transferred from the state lottery for teenage pregnancy prevention programs, the health start program and the federal women, infants and children food program.
 - d. The Intergovernmental Agreements/Interagency Services Agreements Fund consisting of all monies received by ADHS through intergovernmental agreements, interagency services agreements and transfers between ADHS and other state and local entities.
 - i. ADHS must administer all the funds and monies in the funds are continuously appropriated.
2. Requires ADHS to report annually to the Joint Legislative Budget Committee (JLBC) on the revenues, expenditures and ending balances from the previous, current and subsequent FYs, of all the funds noted above.
3. Removes the requirement that ADHS submit a homeland security allocation and expenditure report to the Governor, the Legislature, the chairpersons of the Senate and House Appropriations committees and the co-chairpersons of Joint Legislative Committee on Border and Homeland Security.
4. Allows ADHS to use monies in the Health Research Account in an amount specified in the General Appropriations Act for Alzheimer's disease research.
5. Requires ADHS or the state agency that administers behavioral health services for this state, on or before December 31, 2016, to report to the directors of JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB) on the efforts to increase third-party liability payments for behavioral health services.

AHCCCS

6. Specifies that AHCCCS and its contractors will provide remuneration in the amount of 68.59% of the ADHS established rates for ambulance services for persons enrolled in the AHCCCS program.

7. Requires AHCCCS to transfer to the counties such portion as may be necessary to comply with the Patient Protection and Affordable Care Act regarding the counties proportional share of the state's contribution on or before December 31, 2016 for FY 2016.
8. Allows AHCCCS to continue the risk contingency rate setting, at funding levels that were imposed for contract year beginning October 1, 2010 for all managed care organizations for the contract year beginning October 1, 2015 and ending September 30, 2016.
9. Permits AHCCCS to reduce payments up to 5% for all health care providers, excluding nursing facilities, developmental disability and home and community based health care providers, for rates effective October 1, 2015 through September 30, 2016.
10. Allows AHCCCS to reduce provider payments by less than the percentage specified if adjustments to capitation rates for changes in utilization for the period of October 1, 2015 through September 30, 2016 are less than the amounts appropriated in the General Appropriations Act to AHCCCS and ADHS for a 3% capitation rate increase in FY 2016.
11. Requires AHCCCS to pursue cost sharing requirements for members to the maximum extent allowable under federal law.
12. States, subject to approval by the Centers for Medicare and Medicaid Services (CMS), beginning January 1, 2016, AHCCCS must charge and collect from each enrolled person under Proposition 204 (2000):
 - a. A premium of 2% of the person's household income.
 - b. A copayment of \$8 for nonemergency use of an emergency room for the first incident and \$25 for each subsequent incident if the person is not admitted to the hospital. AHCCCS may not impose a copayment on a person who is admitted to the hospital by the emergency department.
 - c. A copayment of \$25 for nonemergency use of an emergency room for the first incident and \$25 for each subsequent incident if there is a community health center, rural health center or urgent care center within 20 miles of the hospital.
13. Subject to approval by CMS, beginning January 1, 2016, AHCCCS must collect from each enrolled person under the expansion population (2013):
 - a. A premium of 2% of the person's household income.
 - b. A copayment of \$25 for nonemergency use of an emergency room if the person is not admitted to the hospital. AHCCCS may not impose a copayment on a person who is admitted to the hospital by the emergency department.
 - c. A copayment of \$25 for nonemergency use of an emergency room if there is a community health center, rural health center or urgent care center within 20 miles of the hospital.
 - d. An exemption from providing non-emergency medical transportation services from October 1, 2015 through September 20, 2016.
14. Exempts, for purposes of implementing cost sharing, AHCCCS from the rulemaking requirements for one year after the effective date of this Act.
15. Allows AHCCCS to participate in any Special Disability Workload 1115 Demonstration Waiver offered by CMS and any credits must be used in the FY the credits are made available to fund the state share of any medical assistant expenditures that qualify for federal financial participation under the Medicaid program. AHCCCS must report the receipt of any credits to the Director of JLBC on or before December 31, 2015 and June 30, 2016.
16. Requires, on or before December 31, 2015, AHCCCS to report to the directors of the JLBC and OSPB on the use of emergency departments for nonemergency purposes by AHCCCS enrollees.
17. States it is the intent of the Legislature that for FY 2016, AHCCCS implement a program within the available appropriation.
18. Specifies that AHCCCS rate increases may not exceed 3% in FY 2016 and 1.5% in FY 2017 and 2018.

Hospitals

19. Provides that after the minimum disproportionate share (DSH) payments are made to hospitals that are eligible to receive qualifying DSH payments are matched through voluntary intergovernmental agreements, to the Arizona State Hospital (ASH) and to a special health care district, the allocations of DHS payments made must be made available first to qualifying private hospitals located outside of the Phoenix and Tucson metropolitan statistical area before being made available to qualifying private hospitals within the Phoenix and Tucson metropolitan statistical area.
20. Establishes the following DSH payments for FY 2015, retroactive to July 1, 2014:
 - a. Maricopa County Special Health Care District - \$105,945,500;
 - b. ASH - \$28,474,900; and
 - c. Private Qualifying DSH hospitals - \$9,284,800.
21. Establishes the following DSH payments for FY 2015-16:
 - a. Maricopa County Special Health Care District - \$113,818,500 ;
 - b. ASH - \$28,474,900; and
 - c. Private Qualifying DSH hospitals - \$884,800.

Counties

22. Sets the county Arizona Long Term Care System (ALTCS) contributions for FY 2016 at \$249,234,600.
23. Specifies that if the overall costs for the ALTCS line item exceeds the amount in the General Appropriations Act for FY 2016, the State Treasurer must collect from the counties the difference of the amount specified and the counties' share of the state's actual contribution.
24. Requires counties to reimburse ADHS 31% of the costs for the commitment of a sexually violent person and the county contributions are excluded from the county expenditure limitation.
25. Requires a city or county to reimburse ADHS for 100% of the costs of inpatient competency restoration treatment for FY 2016 and the county contributions are excluded from the county expenditure limitations.
26. Sets the County Acute Care Contribution at \$47,233,500 for FY 2016 and states it is the intent of the Legislature that the Maricopa County contribution be reduced to reflect changes in the GDP price deflator.
27. Sets the amount of \$2,646,200 to be collected from the counties, other than Maricopa, for the county contribution for hospitalization and medical care services administered by AHCCCS. Specifies the county contributions are excluded from the county expenditure limitations.
28. Continues to exclude the Proposition 204 administration costs from the county expenditure limitation.

ADHS and AHCCCS

29. Requires the Directors of ADHS and AHCCCS to jointly submit a report on hospital charge master transparency to the Governor, the Legislature and provide a copy to the Secretary of State.



HOUSE OF REPRESENTATIVES

HB 2679

higher education; budget reconciliation; 2015-2016

Sponsor: Representative Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2679 makes statutory and session law changes related to postsecondary education and the implementation of the Fiscal Year (FY) 2015-16 state budget.

PROVISIONS

Community Colleges

1. Specifies that any community college district located within a county with a population of 350,000 people or more is ineligible to receive state aid for science, technology, engineering and mathematics and workforce programs.
2. Limits community college district state aid eligibility to those residing in a county with a population of less than 350,000 people.

Commission for Private Postsecondary Education (Commission)

3. Authorizes the Commission to use monies received under the Arizona Private Postsecondary Education Student Financial Assistance Program (PFAP) for administration of:
 - a. The PFAP; and
 - b. The Postsecondary Education Grant Program (PEG).
4. Allows the Commission to contract with third-party vendors to collect student loan repayments under the PEG.

Universities

5. As session law, suspends the requirement that the Legislature provide a 2:1 match for every dollar of student registration fees deposited into the Arizona Financial Aid Trust Fund.
 - a. This provision has been suspended since FY 2008-09.



HOUSE OF REPRESENTATIVES

HB 2680

criminal justice; budget reconciliation; 2015-2016

Sponsors: Representative Olson (with permission of committee on Rules)

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2680 makes statutory and session law changes related to the criminal justice system necessary to implement the FY 2016 state budget.

PROVISIONS

Department of Corrections (ADC)

1. Allows ADC to offset payments owed in the current fiscal year to the department's health care contractor by the amount of state and federal monies paid by the Arizona Health Care Cost Containment System for health care services on behalf of Medicaid-eligible inmates, regardless of the dates of service.
- a. Requires the director, on or before July 1 of each year, to notify the directors of the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting of the amount of credits against payments for the previous fiscal year.
2. Requires ADC to report actual FY 2015, estimated FY 2016 and requested FY 2017 expenditures in the same structure and detail as the prior fiscal year when the department submits its FY 2017 budget request.
3. Requires ADC to award a contract or contracts to open up to 1,000 beds on July 1, 2016 pursuant to a Request for Proposals (RFP) issued by ADC for up to 2,000 medium security prison beds at new or existing contracted bed facilities or expansions of contracted bed facilities in this state under the authority of A.R.S. § 41-1609.
4. Allows ADC to award a contract or contracts for the remaining male medium security prison beds under the RFP only if specific legislative authorization for the award is provided.
5. Repeals Laws 2012, chapter 302, section 27, requiring ADC to award a contract to open up prison beds.
6. Repeals Laws 2014, chapter 12, section 10, allowing ADC to award a contract for medium security prison beds, only if specific legislative authorization for the award is provided.

Department of Juvenile Corrections (DJC)

7. Prohibits the commitment of a child under the age of 14 to the DJC.
8. Prohibits the commitment of a child to the DJC who is adjudicated delinquent for an offense that is not a felony.
9. Makes a conforming change by revising the age in regard to the definition of *committed youth* or *youth* to mean a person who is 14 years of age, rather than 8 years of age.

10. Requires DJC to develop an annual plan for the per diem cost for the confinement of committed youth and submit the plan to the JLBC for review.
11. Requires DJC, after receiving the JLBC review of the per diem plan, to annually submit a request for monies to the county that adjudicated the youth who is confined for the previous year's costs, equal to 25 percent of the aggregate number of days in which the youth was confined multiplied by the reviewed per diem plan.
12. Directs counties to pay monies owed within 30 days after a request from the department.
 - a. Requires the director to notify the state treasurer if a county does not make the payment.
 - b. Requires the state treasurer to withhold the amount, including any additional interest, from transaction privilege tax revenues that would otherwise be distributed to the county.
 - c. Requires the department and the state treasurer to deposit monies received or withheld into the Juvenile Corrections Local Cost Sharing Fund.
13. Specifies that county contributions related to the confinement of committed youth are excluded from the county expenditure limitations.
14. Establishes the Juvenile Corrections Local Cost Sharing Fund.
 - a. DJC administers the fund.
 - b. Consists of each county's 25 percent contribution of the total cost for the confinement of committed youth.
 - c. Specifies that the fund is subject to legislative appropriation and monies are to be used for DJC operating costs.

Department of Public Safety (DPS)

15. Continues to suspend the statutory caps and transfers of the Arizona Highway User Revenue Fund monies available to fund DPS highway patrol costs in FY 2016.
16. Requires DPS to submit the Gang and Immigration Intelligence Team Enforcement Mission Border Security and Law Enforcement subaccount's entire expenditure plan to the JLBC for review prior to spending any money appropriated from the subaccount by the General Appropriations Act in FY 2016.
17. Allows DPS to use monies in the State Aid to Indigent Defense Fund for operating expenses.

Judiciary

18. Suspends county non-supplanting requirements related to funding for processing criminal cases, alternative dispute resolution programs and the superior court adult probation programs and services.
 - a. Requires the Arizona Supreme Court to submit a report to the JLBC identifying any decrease in county funding related to these suspended provisions, including the reasons for the decrease.

Attorney General (AG)

19. Permits the AG to use monies in the State Aid to Indigent Defense Fund for activities related to capital postconviction prosecution.

Miscellaneous

20. Provides a legislative intent and an applicability clause.



HOUSE OF REPRESENTATIVES

HB2681

human services; budget reconciliation; 2015-2016

Sponsor: Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2681 is the human services budget reconciliation bill for Fiscal Year (FY) 2016. The affected entities are the Arizona Department of Child Safety (DCS), the Arizona Department of Economic Security (ADES) and the Office of the Auditor General (OAG).

PROVISIONS

1. Modifies the definition of *intermediate care facility* to include private state licensed facilities and removes the requirement that the facilities be licensed or under contract with ADES on or before July 1, 1988.
2. Specifies that all monies in the Long-term Care System Fund from capitated payments that are unexpended and unencumbered at the end of the fiscal year revert to the state General Fund (GF) on or before June 30 of the following fiscal year.
3. Reduces the length of time a needy family may receive cash assistance from 24 months to 12 months and makes necessary statutory adjustments.
4. Requires cash assistance to terminate on July 1, 2016 for any family, without regard to whether the family meets the financial criteria established for a needy family, that has received 12 or more months of cash assistance.
5. Allows ADES, in FY 2016, to reduce maximum income eligibility levels for child care assistance in order to manage within appropriated and available monies. ADES must notify the Joint Legislative Budget Committee (JLBC) of any change in the maximum income eligibility levels for child care assistance within 15 days after implementing the change.
6. Directs for FY 2016, ADES to screen and test each adult recipient eligible for Temporary Assistance for Needy Families cash benefits that ADES has reasonable cause to believe engages in the illegal use of controlled substances. Any recipient that tests positive for a controlled substance that is not prescribed by a health care provider is not eligible to receive benefits for a period of one year.
7. Requires the OAG to provide to the Governor, the Legislature and the directors of JLBC and the Governor's Office of Strategic Planning and Budgeting the following reports:
 - a. Child removal process by September 30, 2015.
 - b. The use of a differential response system and case screening by March 31, 2016.
 - c. Permanency practices for children in out-of-home care by March 31, 2016.
8. Mandates that the Arizona Early Childhood Development and Health Board and DCS submit a joint report to JLBC on their collaborative efforts to address child welfare issues of concern.
9. Contains an effective date of July 1, 2016 for the cash assistance provisions.



HOUSE OF REPRESENTATIVES

HB 2682

agency consolidation; budget reconciliation; 2015-2016

Sponsors: Representative Olson (with permission of committee on Rules)

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2682 is the 2016 agency consolidation budget reconciliation bill.

PROVISIONS

Department of Racing/Gaming

1. Merges the Department of Racing into the Department of Gaming (Department).
2. Establishes the Division of Racing and the Division of Boxing and Mixed Martial Arts Regulation under the jurisdiction of the Department.

State Board of Appraisal/Department of Financial Institutions

3. Establishes the State Board of Appraisal as a division within the Department of Financial Institutions (Department).
4. Defines *Superintendent* as the Superintendent of Financial Institutions.

Department of Racing/Gaming Session Law

State Board of Appraisal/Department of Financial Institutions Session Law

5. States that the Department succeeds to the authority, powers, duties and responsibilities of the agencies.
6. Specifies that any actions or obligations taken prior to the merger are not affected or impaired.
7. Declares that all adopted rules and orders continue to be in effect until they are replaced by the Department through administrative action. Further, until the Department takes administrative action, all rules and orders are considered to refer to the Department.
8. States that all of the following actions of the agencies are transferred to and retain the same status with the designated Department:
 - a. Administrative matters;
 - b. Contracts; and
 - c. Judicial and quasi-judicial actions.
9. States that all of the following issued by the agencies will retain their validity for the duration of their lawful terms: certificates; licenses; registrations; permits; and other indicia of qualification of authority.
10. Transfers the following to the appropriate Department:
 - a. Tangible and intangible property and assets;
 - b. All data and investigative findings; and
 - c. All appropriated monies if unexpended and unencumbered.
11. Ensures that all personnel under the state personnel system are transferred to comparable positions and pay classifications within the Department.
12. Contains an effective date of July 1, 2015 or the general effective date, whichever comes later.

Behavioral Health Services Session Law (effective July 1, 2016)

13. Transfers the provision of behavioral health services from the Arizona Department of Health Services to the Arizona Health Care Cost Containment Services (AHCCCS).
14. States that as of July 1, 2016, AHCCCS administration succeeds to the authority, powers, duties and responsibilities of the Division of Behavioral Health Services (Division).
15. Specifies that any actions or obligations of the Division taken before July 1, 2016 are not altered or impaired.
16. Maintains that all rules and orders adopted by the Division continue to be in effect until they are replaced by AHCCCS through administrative action.
17. States that all of the following actions of the Division on July 1, 2016 are transferred to and retain the same status with AHCCCS:
 - a. Administrative matters;
 - b. Contracts; and
 - c. Judicial and quasi-judicial actions.
18. States that all of the following issued by the Division will retain their validity for the duration of their terms of validity:
 - a. Certificates;
 - b. Licenses;
 - c. Registrations;
 - d. Permits; and
 - e. Other indicia of qualification of authority.
19. Specifies that the following Division property and assets are transferred to AHCCCS:
 - a. Tangible and intangible property and assets;
 - b. All data and investigative findings; and
 - c. All appropriated monies if unexpended and unencumbered on July 1, 2016.
20. Ensures that all personnel under the state personnel system who are employed by the Division are transferred to comparable positions and pay classifications in AHCCCS.

Miscellaneous

21. Directs Legislative Council Staff to prepare proposed legislation, to be considered by the Legislature, to conform the statutes to the provisions of this bill.
22. Repeals Arizona Revised Statutes § 32-3604, relating to the make-up of the nine member State Board of Appraisal.
23. Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2683

K-12 education; budget reconciliation; 2015-2016

Sponsor: Representative Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2683 makes statutory and session law changes related to K-12 education and the implementation of the Fiscal Year (FY) 2016 state budget.

PROVISIONS

School Funding

1. As permanent law, increases the school district Transportation Support Level per route mile formula by 1.6%.
2. As permanent law, increases the Base Level amount for FY 2016 by 1.6% from \$3,373.11 to \$3,426.74 per-student.
3. As permanent law, defines *student count* to mean current year Average Daily Membership (ADM) rather than prior year, beginning July 1, 2016.

District Additional Assistance (DAA)

4. As session law, directs the Arizona Department of Education (ADE) to reduce the amount of Basic State Aid (BSA) by \$352,442,700 that otherwise would be apportioned to school districts for FY 2016 as DAA and requires school district budget limits to be reduced accordingly.
 - a. Directs ADE to reduce DAA for school districts that are not eligible to receive BSA funding by the amount that would be reduced if the district was eligible for BSA funding and reduce the school district's budget limits accordingly.
 - b. Declares that it is the intent of the Legislature that at least \$113,457,200 of the DAA reduction be through reductions in non-classroom spending.
 - i. Directs the superintendent or the chief executive officer and the school finance officer of each school district to certify that the district's prorated share of the DAA reduction has come from reductions in non-classroom spending.
5. As session law, caps the sum of DAA reductions in FY 2016 for school districts with a student count of less than 1,100 at \$5 million.

Charter Additional Assistance (CAA)

6. As permanent law, increases CAA by 1.6% to the following amounts:
 - a. For students in preschool programs for children with disabilities and grades K-8 from \$1,707.77 to \$1,734.92.
 - b. For students in grades 9-12 from \$1,990.38 to \$2,022.02.
7. As session law, requires ADE to reduce the amount of CAA by \$18,656,000 that otherwise would be apportioned to charter schools for FY 2016 and requires budget limits to be reduced accordingly.

- a. Directs the reduction to be made on a proportional basis based on the CAA funding that each charter school would have received without the prescribed reduction.
- b. Reduces CAA funding for a school district that is not eligible to receive BSA funding by the amount that it would have been reduced by if the district was eligible for BSA and requires the school district's budget limits to be reduced accordingly.
- c. Declares that it is the intent of the Legislature that at least \$3 million of the CAA reduction be through reductions in non-classroom spending.
 - i. Directs the superintendent or the chief executive officer and the school finance officer of each charter school to certify that the school's prorated share of the CAA reduction has come from reductions in non-classroom spending.

Joint Technical Education Districts (JTEDs)

- 8. As session law, funds JTEDs with a student count of more than 2,000 at 95.5% of what would otherwise be provided by law for FY 2016 and requires ADE to reduce budget limits accordingly.
- 9. As permanent law, determines that the Base Support Level funding that a charter or district school and a JTED receive for concurrently enrolled students is 92.5% of the amount that otherwise would be received, beginning in FY 2017.

School Emergency Pilot Program (Program)

- 10. As session law, indicates that the \$3,646,400 appropriation to ADE for the School Safety Program for FY 2016 includes \$100,000 for the Program.
- 11. Requires school districts to submit applications to ADE to participate in the Program by September 30, 2015, and directs ADE to select three school districts to participate by November 30, 2015.
- 12. Prohibits participating school districts from collectively consisting of more than 31 individual school sites.
- 13. Stipulates that the school districts must consist of:
 - a. One school district located in a county with less than 100,000 people.
 - b. One school district located in a county with between 100,000 and 800,000 people.
 - c. One school district located in a county with 800,000 people or more.
- 14. Requires participating school districts to be provided a readiness and emergency management program that incorporates the following:
 - a. Education specific emergency management software that complies with the National Emergency Information Management System. All plans and critical emergency readiness information must be accessible both online and off-line through mobile device apps.
 - b. Training of teachers and administrators in the readiness and emergency management program.
 - c. The development, implementation and maintenance of a comprehensive crisis for the school districts and their teachers and administrators.
- 15. Directs ADE to submit a report that summarizes the results of the Program to the Governor, the President of the Senate and the Speaker of the House of Representatives and provide a copy to the Secretary of State by November 1, 2016.

Education Learning and Accountability Fund

- 16. As session law, requires each community college district and university under the jurisdiction of the Arizona Board of Regents to transmit \$6 per full-time student equivalent to ADE for deposit in the Education Learning and Accountability Fund by December 31, 2015.

Access Our Best Public Schools Fund

- 17. As permanent law, establishes the Access Our Best Public Schools Fund consisting of appropriated monies, grants, gifts, devises and donations from public or private sources.
 - a. Directs the School Facilities Board (SFB) to administer the fund.

- b. Determines monies in the fund to be subject to legislative appropriation and available to public schools that are members of the Arizona Public School Achievement District to construct new school facilities or expand existing facilities.
- c. Requires at least 50% of the monies to be used in low socioeconomic areas.

Charter Schools

- 18. As permanent law, removes the authority for a school district to sponsor a charter school and deletes statutory references to school district sponsored charter schools.
- 19. As permanent law, specifies than an applicant for a charter school may not submit an application to any person or entity other than those authorized by statute.
- 20. As permanent law, prohibits a charter school affiliated with a charter holder operating more than one charter school, as determined by ADE, from receiving small school weights.
 - a. Permits a charter school affiliated with a charter holder that operates multiple charter schools to receive 50% of the small school weights in FY 2016.
- 21. As session law, permits a school district sponsored charter school to continue to operate through June 30, 2015.
- 22. Repeals session law relating to the ADM of school district sponsored charter schools that became operational prior to FY 2014.

SFB

- 23. As permanent law, requires SFB, rather than ADE, to annually publish and make available a list of vacant and unused state or school district buildings to charter schools and charter school applicants.
 - a. Requires the list to contain any pertinent information related to the vacancy of the building.
 - b. Directs SFB to annually submit the list to the Governor, Speaker of the House of Representatives and President of the Senate and provide a copy to the Secretary of State.
- 24. As permanent law, requires SFB to annually report to the Joint Legislative Budget Committee by January 1 on all school district Class B bond approvals by in the year.
 - a. Directs each school district to annually report Class B bond approvals to SFB by December 1.
- 25. As session law, permits SFB to enter into a refinancing or refunding agreement in FY 2016 that reduces SFB's lease purchase payments by a combined total of at least \$14 million in FYs 2016 through 2024.
 - a. Prohibits SFB's lease purchase payment reductions from varying by more than \$1 million in a single FY during this period.
 - b. Requires any refinancing or refunding agreement to be submitted to the Joint Committee on Capital Review prior to being entered into.

Additional State Aid for Education

- 26. As permanent law, determines the maximum amount of Additional State Aid for Education to be \$1 million per county, beginning in FY 2016.
 - a. Requires the Property Tax Oversight Commission (Commission) to determine the proportion of the violation of the Constitution attributable to each taxing jurisdiction within the affected school districts in counties that would otherwise receive more than the cap.
 - b. Directs the Commission to determine an amount that each taxing jurisdiction within the affected school district is required to transfer to the affected school district to compensate the district for the pro rata share of the reduction in Additional State Aid funding.
 - c. Requires the Commission to assume a proportion of zero for any taxing jurisdiction that has a tax rate that is equal to or less than the tax rate of peer jurisdictions, when determining the proportion of the constitutional violation that is attributable to each taxing jurisdiction.

Miscellaneous

- 27. Repeals the Student Success Fund.

28. Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HCR 2038

trust land management; budget reconciliation

Sponsor: Representative Olson

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HCR 2038 proposes an amendment to the Arizona Constitution allowing 10% of annual proceeds from state trust lands to be used for trust land management.

HISTORY

Laws 2009, 3rd Special Session, Chapter 5 established the Trust Land Management Fund (TLMF) consisting of up to 10% of the annual proceeds of state trust lands, including the sale of timber, mineral, gravel or other natural products. Arizona Revised Statutes (A.R.S.) § 37-527 authorizes the State Land Commissioner (Commissioner) to determine the percentage of proceeds to be deposited in the TLMF each year and requires the percentage to be the same for all beneficiaries. Additionally, statute requires the Commissioner to administer the fund and notify the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting of the percentage on or before September 1 of the preceding fiscal year.

On November 10, 2011, the Arizona Court of Appeals ruled on the case of Rumery v. Baier, holding that A.R.S. § 37-527 violated Article 10, Section 7, as well as Article 4, Part 1, Section 1(6)(D), of the Arizona Constitution. The court also held the "appropriation of proceeds from state trust lands for trust administrative expenses clearly diverts money from the permanent state school fund specified in A.R.S. § 37-521," and the Legislature's doing so without a three-quarters vote violated the voter-protection provisions.

Section 28 of the Enabling Act states "[d]isposition of any said lands, or of any money or thing of value directly or indirectly derived therefrom, for any object other than for such particular lands, or the lands from which such money or thing of value shall have been derived, were granted or confirmed, or in any manner contrary to the provisions of this Act, shall be deemed a breach of trust" (June 20, 1910, c. 310, 36 Stat. 557, 568-579).

PROVISIONS

1. Proposes an amendment to the Arizona Constitution allowing not more than 10% of the annual proceeds from state trust lands and proceeds from natural products derived from trust lands to be used for trust land management.
2. Requires the Secretary of State to submit the proposition to the voters at the 2016 general election.
3. Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2567

school district budget errors; repayment

Sponsors: Representatives Mitchell; Montenegro

DP Committee on Education

X Committee on Appropriations

Caucus and COW

House Engrossed

OVERVIEW

HB 2567 lowers the annual installment repayment amount for a school district that overexpended its budget in specified years.

HISTORY

Laws 2010, Chapter 332, directs a school district that overexpended its budget in Fiscal Years (FY) 2004, 2005 and 2006 to correct the overexpenditure in the FY 2007 budget and repay the overexpenditures in annual installments beginning in FY 2011. The annual installment payments include the principal and the interest and are in the amount of 5% in the first four FYs and 10% every year after. In addition to the repayment monies, accrued interest is required to be paid at a rate determined by the Superintendent of Public Instruction. To qualify for the extended repayment, the school district must meet the following conditions:

- The total amount of corrections for FY 2004 – 2006 is between \$3 million and \$3.4 million.
- The school district did not receive state aid for equalization assistance in FY 2006 or FY 2007.
- The school district's student count in FY 2006 is between 800 and 920.

The only school district that meets these qualifications is Saddle Mountain Unified School District.

PROVISIONS

1. Lowers, as session law, the annual repayment amount for a school district that overexpended its budget in FYs 2004, 2005 and 2006 and that meets other criteria, from 10% to 5%.